

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 556 – HB 678**

March 20, 2016

**SUMMARY OF ORIGINAL BILL:** Phases out the occupational privilege tax on all occupations subject to the tax, except for professional athletes, by reducing such tax \$80 per year over the next 5 years, effectively eliminating the tax after June 1, 2019.

**FISCAL IMPACT OF ORIGINAL BILL:**

Decrease State Revenue – Net Impact – \$15,466,100/FY14-15  
\$30,932,200/FY15-16  
\$46,398,300/FY16-17  
\$61,864,400/FY17-18  
\$77,330,500/FY18-19 and Subsequent Years

Decrease State Expenditures – \$173,100/FY14-15  
\$346,200/FY15-16  
\$519,400/FY16-17  
\$692,500/FY17-18  
\$865,600/FY18-19 and Subsequent Years

Increase Local Revenue – \$217,900/FY14-15  
\$435,700/FY15-16  
\$653,600/FY16-17  
\$871,500/FY17-18  
\$1,089,400/FY18-19 and Subsequent Years

**SUMMARY OF AMENDMENT (014234):** Deletes all language of the original bill. Directs the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to study the professional privilege tax and report to the Speakers of the Senate and House of Representatives and the Chairs of the Finance, Ways and Means Committees of both houses by January 1, 2017.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures – \$7,700/One-Time/TACIR**

Assumptions for the bill as amended:

- According to TACIR, the Commission would require a part-time consultant to accomplish the requirements of the proposed legislation within the established timeframe.
- The one-time increase in state expenditures to TACIR for developing the research plan, conducting the research, and writing the report is estimated to be \$7,700.
- Any increase in state expenditures to the Department of Revenue or any other state agency incurred in providing assistance to TACIR is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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